

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer

ITEM NUMBER: 16

ATTACHMENT(S): 3

ACTION: _____

DATE OF MEETING: January 5, 2000

INFORMATION: X

PRESENTER(S): Mr. Mitchell

The following is a summary of the developments in the financial markets that have occurred between December 1, 1999 and December 20, 1999.

1. The yield on the 30-year U.S. Treasury bond has increased from 6.29% to 6.44%.
2. The market level of the S&P 500 Index has increased from 1388 to 1418.
3. The U.S. dollar has remained unchanged compared to euro (1.01 to 1.01) pound sterling (1.60 to 1.60) and yen (102 to 102).
4. The Federal Reserve Board of Governors held their meeting on December 21, 1999. The Federal Reserve left the targeted Federal Funds rate unchanged.
5. The Director of Real Estate position is vacant. At the January 5th meeting, the Investment Committee will be asked to approve the use of a recruiter to assist in a nationwide search to staff this position.

Note: Attachments 1 and 2 are not available in electronic format at this time.

California State Teachers' Retirement System
Internal S&P 500 Indexed Portfolio Return

The California State Teachers' Retirement System's internal S&P 500 indexed portfolio (Portfolio) was \$11,932,519,146 as of November 30, 1999. The performance objective of the Portfolio is to closely track the return of the S&P 500 Index. Table 1 shows the relative performance of the Portfolio. For the 12 month period ending November 30, 1999, the Portfolio's outperformance versus the benchmark was 0.190% (19.0 basis points).

Table 1: S&P 500 Performance

Period	Portfolio Return	Index Return	Variance
3/31/98 – 12/31/98	12.892	12.975	-0.083
12/31/98 – 11/30/99 (YTD)	14.503	14.297	+0.206
11/30/98 – 11/30/99 (12 Months)	21.139	20.948	+0.190

Portfolio return calculated by State Street Bank Analytics.
The total return for the Index was calculated by Wilshire Associates.